Exhibit I

Q3 2007 BigBand Networks Earnings Conference Call - Final.

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OPERATOR: Ladies and gentlemen, thank you for standing by and welcome to the BigBand Networks Q3 financial results. During today's presentations, all participants will be in a listen-only mode. Following the presentation, instructions will be given for the question and answer session.

(OPERATOR INSTRUCTIONS)

I would now like to turn the conference to our host, Ms. Erica Abrams. Please go ahead ma'am.

ERICA ABRAMS, IR, THE BLUESHIRT GROUP: Thank you. Welcome everyone. If you have not seen our third quarter earnings press release it can be found on the investor relations portion of our website at bigbandnet.com. With me today are Amir Bassan-Eskenazi, Chairman and CEO and Fred Ball, Chief Financial Officer, to discuss financial results for the third quarter ended September 30, 2007, as well as outline the Company's financial goals for the fourth quarter of 2007.

Before I turn the call over to Amir, let me remind you that the matters we will be discussing today may include forward-looking statements and as such are subject to the risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, including those risks and uncertainties discussed in our most recent quarterly report on form 10Q filed with the SEC.

They are also presenting some non-GAAP financial information, a reconciliation of GAAP to non-GAAP items can be found in the press release issued today as well as on the investor relations portion of our website. BigBand Networks assumes no obligation and does not intend to update forward-looking statements made on this call. With that, let me turn the call over to Amir. Amir, please go ahead.

AMIR BASSAN-ESKENAZI, CHAIRMAN, CEO, BIGBAND NETWORKS: Hello and thank you all for joining us today. As you know from our earnings press release revenue for the third quarter of 2007 was $38.5 million. At the high end of our revised outlook, but still below our initial expectations. The non-GAAP loss per share was $0.05. The loss per share excludes stock compensation, intangible amortization, and charges associated with the realignment of our business model.

We are clearly disappointed with our execution in Q3. Although we understand the causes and are deliberately addressing them, we expect some of these issues to persist in Q4 as well, resulting in a Q4 revenue in a range of $27 million to $33 million. Since our last September call we have taken the time to thoroughly analyze our business, review our market opportunities and consult with our customers.

The key takeaways were customer very clearly told us to focus on our unique core competency, innovative video solutions and on CMTS side. Given the limited opportunity to increase market share in the short-term we have decided that we can no longer justify the R&D investment required by the Cuda CMTS platform. As a result we have decided to significantly increase our effort on video networking, retire the Cuda CMTS platform and reduce spending and headcount and realign operating costs to achieve more efficiencies.

While these decisions are difficult, they are necessary to refocus the business on the video opportunity while allowing BigBand to continue and innovate with next generation solutions. Let me first talk about the retirement plan for the Cuda and the realignment of the operating model, then I will focus briefly on our video business which we believe represent a tremendous opportunity.

Q3 revenues for the CMTS platform were weak and again failed to meet our expectations. We remain a very small player in the CMTS market, despite our best attempt to grow the business through product innovations such as modular CMTS. We have come to the conclusion that we are not able to build the critical mass necessary to justify our level of R&D spending in this lower level, lower margin and lower growth markets.

As a result we are retiring the Cuda platform effective today, and we will be walking our Cuda customers through a transition plan. We plan to support a Cuda deployment through 2010. We are substantially reducing headcount, supporting our Cuda platform and product line.

We are reallocating a key group of doc [sys] and IP networking experts to our video R&D efforts. We intend to leverage these employees knowledge of technologies applicable to video solutions to strengthen and enhance our video platform, including solutions for video over IP. In addition to retiring the Cuda platform, we're taking steps to reduce headcount and realign operating expenses.

Today we announced that we are reducing our workforce across the Company by 15%. We have notified the affected employees this week, but the full financial effect of these reductions will work through the operating model over the next two quarters.

Our operating model is affected in two ways. First, we'll decrease manufacturing and service overhead to support a lower near term revenue outlook, not in Q4 but over the mid-term. Assuming the same product mix we expect this will enable us to achieve gross margin in the range of 50% to 55%, at revenue levels above $40 million.

Second, we will establish a new non-GAAP quarterly operating expense plan of between $22 million and $23 million beginning in Q4. These costs includes litigation costs. This new OpEx plan compares to our prior model of $26 million to $27 million per quarter in Q2 of '07.

As part of our structuring effort today I've promoted Dave Heard to Chief Operating Officer with combined responsibility for R&D, marketing, sales, services, and operations. David has served as our GM of product operations and we have been very pleased with his performance. David has operational expertise, discipline and focus to improve and integrate our sales, product and deployments operations. I have every confidence in David's ability to help us grow the Company and improve our operational excellence.

In summary, we're taking decisive steps to improve our future execution, increase our focus and emerge as a stronger Company. The reallocation of our resource will enhance our execution of video innovation that is the core of our unique selling proposition. That includes dedicating more resources to the growing opportunity in switched digital video, expanding the capabilities of our universal edge QAM and continuing to address the need of our Telco T.V. customers. These changes will also free up resources to increase our focus on future initiatives such as addressable advertising and new IPTV solutions.

We've talked about our Q3 shortcomings, now I would like to spend a moment on what is going well for BigBand. In the area of switched digital video, let me take you through the current status of our deployments and recent wins. BigBand is winning an increasing number of SDV deployments. In Q3 we added two more operators to our list of SDV customers, bringing the total customer count to five.

These recent customer wins include our second order for Motorola Environment solution, and our first order ever for Motorola TV Guide Environment. In Q3 we also marked a milestone when we won our first ever SDV deployment outside of the United States. And on top of these five, we are happy to share with you that Comcast has selected BigBand as an SDV equipment vendor.

Like all the deployments all these new system will take several months to roll out. BigBand is well positioned to help customers accelerate the pace of SDV deployments. Our experience in Q3 with complexity and site readiness only enhanced our deployment knowledge.

While our competitors are talking about trials, evaluations and committed systems, we continue to win, measure ourselves and report on real commercial deployments demonstrating the ongoing adoption of SDV and our market leadership. As you know from our September call Q3 revenue was impacted by deployment delays related to SDV customers. Specifically, selected customer site had more deployment complexity and customer readiness issues than we had anticipated coming into the third quarter.

As a result, revenue from these systems was pushed into deferred revenues, bending customer acceptance in future periods. This is a pattern that we expect to continue for some time. We are working deliberately to integrate the system and with our restructuring are now able to dedicate more resources to complete these deployments and prepare for additional customer opportunities in the coming quarters.

We also bring an increased focus to our edge QAM business and we'll continue to invest resources to provide industry leading products. Of the top of the five MSO's that are deploying our SDV solutions, we have also selected to deploy our edge QAM in their network. We believe we're the number one in edge QAM market share in 2007 and have shipped close to 100,000 QAM's in the first three quarters of '07.

In Q3 we announced our third generation edge QAM platform, a universal edge QAM capable of delivering a wide range of services including video on demand, switched digital video, high speed data and voice-over-IP. We believe our universal edge QAM, or UEQ, sets industry benchmark for our performance, reliability and total cost of ownership.

Now let's discuss telco TV. We will continue to devote resources to the opportunity in telco TV, specifically as a key supplier to Verizon's FiOS network. Verizon continues to roll out its FiOS TV services that is now servicing over 700,000 subscribers. We are proud that BigBand's BMR is the key element of this high quality service.

As we discussed in our late September call our largest telco customer consumed inventory in Q3. In addition, we're seeing a shift to digital that impacted this customer recent buying patterns. As a result we expect sales to this customer to be at lower rate than we experienced in the first half of '07. Still, we believe we are well positioned as the sole supplier for this important customer and expect to continue and expand its network over the mid and long-term.

The changes we have implemented today will allow us to focus even more R&D and other resources on our ongoing work with next generation IPTV innovations, which we are already validating numerous service providers. We remain highly confident in our team, our vision and our strong customer relationships. The market opportunity for video networking remains strong with both cable and telco. Now I will turn the call over to Fred for a detailed financial review.

FRED BALL, CFO, BIGBAND NETWORKS: Thank you Amir. As we've done in previous quarters, I will be providing the financial figures on a non-GAAP basis. As a result the amounts provided will exclude stock based compensation of $3.2 million, amortization of intangibles of $143,000, and also for this quarter I will exclude one time non-cash inventory and fixed asset charges of $5.8 million associated with the retirement of the CMTS platform.

These amounts will also be net of any tax effect of these items. We realize that what is in and out of the GAAP and non-GAAP numbers can be complicated. Accordingly, we have included a detailed

reconciliation of the GAAP to non-GAAP numbers in the investor relations section of our website for additional clarification. With that said, let me get started.

During the third quarter of 2007 we reported revenue of $38.5 million, down 10% from the same period a year ago. For the nine months ended September 30, revenue was $145.8 million, an increase of 28% over the same period in 2006.

On a product basis for the three months ended September 30, 2007, revenue was split between video, $24.3 million and data, $5.7 million. This compares to video of $34.8 million and data of $2.3 million in the year ago period.

For the nine months ended September 30 video revenues increased 33% to $103 million, reflecting increased revenues from our telco TV and switched digital video solutions. Data revenue for the nine months in 2007 was $18.9 million, a decrease of 6% over the prior year's first nine months.

While we have retired the Cuda CMTS platform, we expect that we will continue to see a small amount of data revenue in Q4, but we expect that to diminish going forward. Service revenues were up 44% to $8.6 million in the third quarter as compared to the same period in 2006. For the nine months ended September 30, 2007 service revenues increased 47.1% to $24 million. These increases reflect support revenue from our growing install base and installation revenue related primarily to switched digital video solution deployments.

Revenue from our top five customers accounted for 74% of revenues in the third quarter of 2007, as compared to 77% in the third quarter of 2006. Cox Communications, Time Warner Cable, and Verizon each accounted for more than 10% of our business during the quarter and for the nine months ended September 30, 2007. On a geographic basis 82% of our revenue in Q3 2007 was within the United States. This compares to U.S. revenues of 91% in the same period a year ago.

Gross margins for the quarter were 51.1%, down from 52% reported in the third quarter of 2006 and down from 54.2% in Q2 2007. The decline in gross margins during the quarter primarily reflects the negative impact of manufacturing overhead utilization on a lower base of revenue. This negative impact was partially offset by improvements in warranty experience in our video product applications.

We expect Q4 gross margins to be in the range of 45% to 48%. As Amir discussed, we have taken steps to align our manufacturing overhead with current revenue expectations, but don't expect to see significant benefits from these actions in the fourth quarter of 2007. Operating expenses for the third quarter of 2007 were $23.5 million, down sequentially. We experienced lower variable comp and commission expenses during the quarter as well as lower trade show expenses compared to the second quarter of 2007.

This was coupled with an overall decline in headcount. We ended the third quarter with 603 employees at the end of Q3, down from 630 employees at the end of Q2. As a result of the above, operating margins in the quarter were negative 10% as compared to positive 6% in the prior quarter. Interest and other income net was $1.4 million in the third quarter.

The improvement over the prior year period was driven by higher interest income on higher cash balances, offset by a foreign exchange loss on payables denominated in Israeli NIS. The Israeli NIS appreciated 5% against the dollar during the third quarter.

Going forward we expect interest income and other income to be approximately $1.4 million to $1.7 million depending on the investable cash balance during the period and the impact of foreign exchange gains or losses. We have also taken specific actions to further mitigate our FX exposures.

Provision for income taxes during the quarter was $355,000. Net loss per share for the third quarter was $0.05 on fully diluted weighted average shares of 58.8 million. Note that the fully diluted weighted average share calculation excludes anti-dilutive equity securities. Now on to the balance sheet.

We ended Q3 2007 with cash, cash equivalents and marketable securities of $140.8 million. Accounts

receivable were $39 million, up $13.6 million from $25.4 million at June 30, 2007. The increase is due to the timing of customer shipments for orders received late in the quarter. Our DSO's were 92 days at June 30, 2007 as compared to 43 days at the end of Q2 '07.

Deferred revenues increased to $58.2 million from $48.5 million at the end of Q2 2007. As you know, we experienced delays in customer acceptance of certain switched digital video system deployments in the quarter which primarily contributed to the increase. To a lesser extent we also had shipments which occurred late in the quarter.

Now let me move to our guidance for Q4 2007. Net revenues are expected to be in the range of $27 million to $33 million. This includes a modest contribution from the data business. It also reflects continued softness in our Verizon business as they work through inventory and longer deployment cycles in the SDV.

As a result of lower revenues, gross margins are anticipated to be in the range of 45% to 48%. Operating expenses are expected to be approximately $25.5 million to $26.5 million on a GAAP basis and approximately $23 million to $24 million on a non-GAAP basis, excluding approximately $2.6 million in stock based compensation and amortization of intangibles. The GAAP and non-GAAP operating expense numbers include approximately $800,000 in expected legal costs.

Additionally we expect to have one time charges in Q4 in the range of $3 million to $5 million related to severance, lease termination, and other restructuring items. Fully diluted weighted average shares are expected to be 58 million to 60 million shares. Note again that the weighted average share calculation excludes anti-dilutive equity securities.

Our non-GAAP provision for income taxes for Q4 is expected to be $200,000 to $400,000, reflecting a prorated portion of our expected full year tax provision of between $1.4 million and $1.6 million. This equates to a GAAP loss per share of $0.31 to $0.22 and a non-GAAP loss per share of $0.18 to $0.12. With that, let me turn it back over to Amir.

AMIR BASSAN-ESKENAZI: Thank you Fred. As you know we've announced that Fred will be departing the company over the next quarter. I want to use this opportunity to thank him for the leadership he provided since he joined the Company in 2004. I wish him well in his future projects.

We have initiated a CFO search with an executive search firm. In the meantime, Fred will remain CFO for a transition period and will further support us in an advisory roll thereafter. I have every confidence in our financial team, in our ability to handle he smooth transition.

To summarize our call today, we've taken quick and decisive action to restructure the Company. We're committed to our customers and we've taken their perspective seriously. I believe these actions will enable us to refocus on our core competencies. Over the next few quarters we will be investing to maximize that opportunity while maintaining our focus on achieving operating cash flow and profitability.

We expect to emerge as a stronger Company positioned to capitalize on our leadership in video networking. We remain bullish about the long-term outlook for the industry and for BigBand. I want to close by thanking them, our employees, for their continued effort and dedication. With that, we can now move onto the Q&A portion of the call.

OPERATOR: Thank you gentlemen. We would now begin the question and answer session. (OPERATOR INSTRUCTIONS).

And our first question comes from the line of George Notter with Jefferies and Company. Please go ahead with your question sir.

FRED BALL: George?

OPERATOR: Hello, Mr. Notter?

JAMES KISNER, ANALYST, JEFFERIES & CO.: Sorry guys, my line was on mute. Can you hear me?

FRED BALL: Yes we can, George.

JAMES KISNER: This is actually James Kisner calling in for George.

FRED BALL: Hi James.

JAMES KISNER: Hi. So the first question is regarding the Comcast win, I guess I'd just be curious as to how -- do you have any insight into how that might be [pars] out relative to the other competitors that were announced at Comcast? And also just any texture on the size of that deal? Eros was sharing some numbers in their recent conference call and I'd just be curious on any texture you could give around the deal.

AMIR BASSAN-ESKENAZI: Sure. We are happy about being selected by Comcast for their switched video digital manager, which was the portion of the solution in the network that manages the connectivity and the value of switched broadcast in conjunction with the QAM that was, at this point, assigned to other customer -- other vendors.

We're continuing work with Comcast to present the value of our universal edge QAM as we described, and we have every confidence we'll continue and drive that and hope to be participating including in the Comcast network just like we do with the five other customers we announced today and that we'll be working with for the future.

At this point Comcast continues to articulate their focus and expectation in terms of deployment and timing and I cannot give you any numbers or any more specific detail about the deployment. But we're very excited about participating and we have every confidence in our ability to be successful and help Comcast be successful with this very important deployment.

JAMES KISNER: Okay. Thanks. One other question here. Just regarding the retirement of the Cuda line, just what's the general overall customer reaction been to discontinuation of that line? I mean, we always thought of that as a hedge against the potential for cable networks to transition to an all IP video infrastructure, that video could go over doc sys.

Do you think that you're well positioned if that change were to occur? And how have your customers reacted to you having a less complete portfolio from the standpoint of having both video and data?

AMIR BASSAN-ESKENAZI: We obviously taking our customer perspective very seriously and as we became aware of the market issue that we saw out there with our inability to increase market share around the CMTS, we conferred with them over the last period and discussed the issues with them.

The reaction was understanding as obviously this is a direct result of our inability to grow footprint and revenues. So it was not complete surprise to them. What we found out with our customers and now have validated with them, I believe, is the fact that they actually do not see - we - CMTS is not viewed as the convergence platform that carried voice, video and data. And we interpret that way our inability to use our video expertise to push the Cuda product line as a part of the MCMTS and the product perspective of our offering.

Instead the CMTS is focusing on high speed data and voice and is more, we believe, of a commodity product while the need to move to video or IP like you pointed out in hedge towards this direction is not much of a driver the way we see our customers planning the network for the next few years.

As the result of that we got out of the CMTS stand alone business. We keep the doc sys and IP networking technologies and believe we are able to leapfrog this offering and enable the path to video over IP for cable customers through our QAM product line and the other product lines that we are still to announce.

But in the short-term we got out of the commodity portion of the CMTS stand alone, and like I said our customers took this very well. We continue to support them and we'll continue to support the

product all the way to 2010.

JAMES KISNER: Okay. That's it. I'll stop off for now. Thank you.

AMIR BASSAN-ESKENAZI: Thank you.

FRED BALL: Thank you.

OPERATOR: Our next question comes from the line of Tal Liani with Merrill Lynch.

TAL LIANI, ANALYST, MERRILL LYNCH: Hello. I believe it's my name. This is Tal Liani.

FRED BALL: Hi Tal.

TAL LIANI: Question, first of all, just about Comcast. I think Motorola said on their call the day one on the server, switched video server opportunity and I'm wondering if there was a duel vendor or they want it all and you are sort of backup. How is the relationship because two vendors here are announcing the same win?

AMIR BASSAN-ESKENAZI: So we believe the Comcast took a multi-vendor approach just like they did for the QAM, and that's the same situation with the switched digital video manager. What give us confidence and what drives our business moving forward is the fact that our switched digital video manager is proven in the field.

Over 6.5 million subscribers, home passed now connected to this manager over multiple type of networks and we believe we can bring this value to Comcast, as well as innovation and capabilities that differentiate us from other, all other vendors. And that is a unique differentiation we have, is the inventor and first mover in this important application.

TAL LIANI: When it comes to the guidance, the guidance is showing another sequential decline in revenues. Is this related to Cuda being taken out? The last number I had for Cuda is about $8.6 million. Is this related to Cuda being taken out from the guidance or is this related to additional deterioration with certain customers?

FRED BALL: It's really reflect a little bit of a Cuda piece because that's come down, obviously, to a much more modest number now. But it's also -- we've taken a really hard look at the detail of the numbers. We've tried to take a somewhat, I don't know. I want to say conservative, but that never gets me a good answer.

But I think we tried to take just another hard look at all of the SDV deployments to make sure we have a good sense of what is real, what we think we can accomplish and we've reflected kind of our best estimates in the number.

TAL LIANI: So when we look at the existing customers, I just, you have a little bit of experience, good experience and less good experience with some customers. But when you look at the experience, let's say with Time Warner, Cablevision and of course, Verizon. What have you seen when it comes to repeat orders?

So, for example, Cablevision finished a big rollout of the service for switched video. Have you seen them coming back and buying more capacity? Or same thing with Time Warner that started a few regions, et cetera, or even Verizon? I'm just trying to learn from some test of experience whether you've seen the repeat business.

The reason I'm asking is, is for specific reason. It looks like, and correct me if I'm wrong, but it looks like the fourth quarter numbers do not include a lot of the repeat business. Because Verizon seems to be at very low numbers in fourth quarter because they have this inventory. Cablevision was a very front loaded, front end loaded kind of in the year. So there was hardly nothing left for the second half.

And I don't know whether this is a depressed number or this is just a number that we should be

continuing to model sort of for the remainder for 2008. That's sort of the base and from that you're going to grow modestly every quarter.

AMIR BASSAN-ESKENAZI: Okay. There's a lot there. So let's organize this a little bit. On the SDV business it's very much a footprint and expansion business like your question pointed out. At this point a lot of the attention is to winning new footprint because once we win new footprint with more customers it provides the continued expansion that you related to.

The expansion at this point is modest and in our '07 business was modest and was expected to be modest. What's driving incremental expansion to deploy switched business is the addition of more channels and more high definition, specifically, all of which are clearly, we believe, going to happen in the short and mid-term but did not happen meaningfully in '08.

And we're focused on growing more incremental systems and grabbing footprint. Part of our problem in Q3, as we discussed, relates exactly to that as we grab more footprint in more systems with more types of clients and what have you. Under different customers it actually creates delay in our ability to recognize revenue from any one of those systems.

The good news once we grab them, as we pointed out in the prepared remarks, we're successful in getting more customers and more systems that way. Is that it does provide a diversified group of customers that expand in their own time and will give us over the longer term more predictability and greater opportunities for growth.

But at this point it's very much about learning the initial footprint more so than the repeated business. And that's really what's happening the switched digital video. I think in the next couple of quarters its going to be continuation of the same. I do expect to overcome some of the complexities and the new experiences when counted in Q3 that among other thing affected our Q4 forecast sometime in the first half of '08.

But as we do that that will drive the growth engine around getting new footprint from switched digital video and the secondary point to that would be the expansion. Then again, I think we'll start in the short order but it's very hard to predict exactly when it does. It varies from customer to customer.

So we're going to get to point where we have these five customers all deploying different system. I think it will smooth itself out. Until then it's going to be lumpy like you described using the Cablevision example.

On the Verizon side it's actually pretty different. Verizon is building their base network -- it's a be the [table stake] investment of VSO by VSO and they continue and deploy their system, from what I can tell, on an ongoing basis. We obviously sell them products into their fixed centers and then deploy into the network.

And from everything I can tell and we continue to see deployments on that front. The way that pertains to our revenues will be different because of the fact that there is a inventory in between there keeping their fixed and then obviously in Q3 we were disappointed with the rate of revenue as it started to consume some of this inventory. It's less of an expansion through given footprint because their in a different stage of building their network. And it's pretty different from switched broadcast that way.

TAL LIANI: Two more questions, quick ones. So you spoke in your answer on the opportunities with sort of repeat business with the same customers about more or less the same occupation. When do you think you'll start seeing customers starting to buy equipment using your footprint but buying equipment for different applications?

For example, and again, I'm not asking about specific customer but Verizon buying for aggressive advertising or maybe switched video rather than what their buying now? And Cablevision continuing. Do you think this is going to be an '08 phenomenon that you start to expand, I would say, horizontally within customers to different applications? Or will this be sort of later on?

AMIR BASSAN-ESKENAZI: Great question. The horizontal expansion, we talking about platform because this is both a very important to us, it's tightly related to how we architected our solution and it's a unique valuable position we add versus other competitors that took a pizza box approach and stuck there dedicated specialized product to each other to increment the functionality.

So a big part of our differentiation is this ability to originally offer more application. The timing of which is hard to predict, and at this point we do not incorporate this in our short-term view. All our customers show great interest in advertising as a core part of their business model, and over time moving to addressable advertising using the two way network and what our platform enable them to do. Both on telco TV and on the cable side we think it's going to be a very important application but one that if it drives '08 revenues it's going to be in the second half and at this point is difficult to forecast.

TAL LIANI: So just my last question, sorry I'm taking so much time. But I open the Wall Street Journal a few days ago, there were seven and half pages of DirecTV advertising HD, you know, 70 channels, 100 channels that they sort of give their roadmap. When do you think this - how long will it take for the MSO's to respond? And what's going to be the breakdown?

So they may respond by reclaiming some of the analog assets and use the frequency, or they may be responding by expanding to one gig, or they may be doing switched video. First of all, when do you think we're going to see the response? And second, what do you think is the share of switched video among all the other ways they have to increase the capacity on the network?

AMIR BASSAN-ESKENAZI: Absolutely the competition on the number of HD channels and the user experience issue with that is exactly where we see the service providers are at at this point. And the reason we believe that so many new customers jump on the switched broadcast bandwagon is they way they expand their bandwidth and enable more services exactly this driver. And that's the main driver of the switched broadcast business.

That's also why we get more MSO's and more systems deploying our products for exactly that point. SDV is the quickest way and our recent experience with Cox -- Cox was very vocal about the fact that within weeks of getting the systems we were able to deploy it and show it up and running. And therefore it's the best way, really to upgrade, which is both costly and disruptive to the network and to the consumer experience as well as the net present body of being able to get the return on putting a system in the network and turn it on the way we just described much quicker than any other solution.

So it's hard for me to tell you what the relative share to indirect competitors like network upgrades, but I think our customers what I see over the last six months all now acknowledge that SDV is something that their going to do all over the place in the majority of their networks and the majority of their sites. The order of which depend really on a site by site basis of where they are relative to the operator to the two way and to the digital deployments.

But I definitely think we're going to see as a result of all this, significant market growth in '08 and I think we're extremely well positioned to take advantage of this and continue to drive our business and revenues as a result of that.

TAL LIANI: Thank you.

OPERATOR: Our next question comes from the line of Scott Coleman with Morgan Stanley.

SCOTT COLEMAN, ANALYST, MORGAN STANLEY: Thanks guys. Just want to understand the business model a little bit better going forward. If I go back to some materials you presented in the past it suggests that your target for gross margin was about 55%. And we know that video traditionally has been better than data. So I guess the first question is, I don't understand why that's not a higher number as you shed this business?

AMIR BASSAN-ESKENAZI: Well the original impact is obviously by effect the authorization issue we have with having revenue on a smaller base, and that's why we made the corrections we made in the context of the restructuring. And we expect it to go back to 50% to 55% as a result of that.

SCOTT COLEMAN: But that was your target previously, Amir. And so all else being equal this should lead to a better mix from a margin perspective. So I don't understand why it's 55%.

AMIR BASSAN-ESKENAZI: That's correct. But, so with the continued improvement as we implement this restructuring and with the additional effort around this, we have every expectation to continue to drive it higher than 55%. In the short-term we're going to hold ourself accountable to meeting the 50% to 55% as we remove the fixed costs and adjust it to a low to mid $40 million revenue per quarter. And then we continue and going to drive it from there.

SCOTT COLEMAN: Okay. I see. So 55% is more of a near term target. 50% to 55%, but you think you'd get it higher longer term?

AMIR BASSAN-ESKENAZI: That's right.

FRED BALL: Yes, Scott. I'd call it mid-term instead of near term.

SCOTT COLEMAN: Okay. And then within maybe the same type of timeframes, what do you see once you get this rationalized? What type of operating margin do you see over the mid-term and what are your expectations for the long-term now?

AMIR BASSAN-ESKENAZI: We're doing our '08 planning right now on the long-term. At this point as we go through the transition we're really focused on bringing the - we're going to, as we talked about, lose money in Q4 as we go through this restructure. And we're going to focus on bringing ourself to free cash flow and profitability in the short-term.

A good way to get there short to mid-term -- the way to get there is to get to the low to mid 40's in terms of revenues, 50% to 55% in margin, and hold ourselves to the spending level that we talked about before while continuing and investing into continued efforts around the switched broadcast and winning new customers, continuing to drive our telco TV customer to be successful with their network and then drive beyond that to the other things that we do in R&D to drive our longer term growth.

Beyond that we will be able to detail in a future call. When we talk about the business model and how it translates beyond relative to where we are at that point.

SCOTT COLEMAN: Okay. And your OpEx guidance of $22 million to $23 million, if I heard correctly that includes litigation costs?

FRED BALL: The number that Amir gave excluded -- the number I gave in my prepared remarks, Scott, included. So I had $23 million to $24 million, which includes about $800,000 of estimated litigation related costs.

SCOTT COLEMAN: Okay. And the --

FRED BALL: When Amir does it he's trying to drive the operating model of the business and it's just very hard for him to think about litigation costs as an element of how he wants to run the business.

SCOTT COLEMAN: That makes sense. I just wanted to make sure I had the baseline right.

FRED BALL: Right.

SCOTT COLEMAN: So $22 million to $23 million excluding litigation costs. Okay. And Amir, when you were talking about telco TV you mentioned that you are validating your IPTV solution with numerous customers. I'm wondering if you could provide a little more detail there?

Does validating mean that you're in the labs? Does validating mean that you're participating in RFI's? I'm just - I'm wondering if you could be a little more precise with us?

AMIR BASSAN-ESKENAZI: I think it's pretty much true to give too much detail at this time. We

focused on other things in this call, but it's safe to call that personal TV is the vision of the Company was set up to build. Everything we build is a part of that.

We think personal TV specifically in the unfinished home market is -- a lot of it is going to be driven by IPTV over telco lines, and we have the technology, the vision and the plans to participate in this in a big way. And the interaction with our customers and prospect customers on this are all very encouraging. So in the longer term you're going to see this as a major driver and in future calls I'll be happy to talk about it.

SCOTT COLEMAN: Okay. Maybe one last financial question. Deferred revenue looks like it went up by about $10 million or so this quarter. When you guys announced the shortfall for Q3 it was about $20 million shortfall relative to expectations. And you said it was generally in equal parts to the telco TV business, the switched digital video business, and Cuda.

I would have expected either deferred revenues or inventories to go up maybe $14 million or $15 million in total to reflect this shortfall ex-Cuda. Did it turn out that Cuda was a bigger piece of the shortfall than you guys thought it was going to be? Or am I missing something here?

FRED BALL: No. That was the amount. I think what you have to balance off against that is we book a lot of CSA in Q1 and that tends to bleed down through the year. And then we book a good amount of CSA at the end of the year as well. So there's some other play that goes in there as well.

SCOTT COLEMAN: Okay. All right guys. Thanks.

OPERATOR: Our next question comes from the line of Anton Wahlman with ThinkEquity Partners.

ANTON WAHLMAN, ANALYST, THINKEQUITY PARTNERS: Hey. Amir, a couple of questions for you here first on Comcast. Have you actually been selected for a specific markets yet, or have you sort of just been approved by corporate at this point?

AMIR BASSAN-ESKENAZI: We've been approved and Comcast is articulating their plan in terms of system markets, but it's not something at this point I can talk too much about. It's something that Comcast will articulate.

ANTON WAHLMAN: Okay. On Verizon, in terms of when did you find out about this switch to the all digital implementation and when do you see that actually being implemented in terms of the new design and the new central offices?

AMIR BASSAN-ESKENAZI: Actually did not comment on a switch to quote, unquote, all digital implementation. It is known that by February '09 Verizon as well as other people are going to be on an all digital network. But in terms of the way the systems are deployed, both because of what we discussed with sales systems into Comcast that are going into peak center and then deployed, I can't really comment nor do I know to tell you what is the mix between digital and analog in the deployment that are ongoing.

What I did comment is that we saw an increase and a shift to purchasing more digital, but I don't know at this point how to interpret this and I'm not going to speculate about that. So that's where really it's all at.

ANTON WAHLMAN: So when you say you saw a shift toward digital, I assume that means you simply saw a reduction in the purchases of analog whereas digital would be there whatever, didn't either decline as much or was flatter and technically could have even been up.

AMIR BASSAN-ESKENAZI: Right. So we sell chassis and cards into [pick] center. The cards are analog and digital. And over the last period we saw an increase in the - we sell more digital than analog. But to go from this to interpret what is the mix and how it's being deployed is beyond me at that point and time.

ANTON WAHLMAN: Okay. In terms of the five switched broadcast customers that you have gathered

today, I mean, obviously we know some of them. I'm trying to remember in my head. Have all of those five been publicly announced or only three of them as I'm trying to scratch my head here?

AMIR BASSAN-ESKENAZI: Right.

ANTON WAHLMAN: In terms of public announcements I can sort of think of three but --

AMIR BASSAN-ESKENAZI: Right. So in our public announcement before and it's well known that Cable Vision, Cox and Time Warner are our commercial customers and commercially deployed our switched broadcast solutions to live subscribers. We did not make other announcement. All five that I'm talking about are commercial deployments. That's what I meant when - this is what we really track. Comcast is not one of them, by the way, relative to what we just talked about.

ANTON WAHLMAN: Okay. So there's one more domestic customer and one more international where you are now in deployment, and then on top of that Comcast would be in theory a sixth customer?

AMIR BASSAN-ESKENAZI: That's another way of saying it.

ANTON WAHLMAN: Okay. All right. That's all I have for now. Thank you.

OPERATOR: Our next question comes from the line of Simon Leopold of Morgan Keegan.

PAUL BONENFANT, ANALYST, MORGAN KEEGAN: Hi. Good afternoon. This is Paul Bonenfant for Simon Leopold. Wanted to start with a couple questions around the retirement of the Cuda product line. Do you have a sense for how much of the services revenue is tied to that product, and how it might trend over time?

FRED BALL: I don't have that number off the top of my head. I expect that we'll see that trend down in '08. So I do see, think we'll see a modest decline but there's still a lot of footprint out there and I do continue to think we're going to get renewals associated with the services around that.

But I expect that that will decline. I would guess it's probably over 18 months. I would bet there's probably - I just got a number. Probably about a third of the services line is associated with that.

PAUL BONENFANT: Okay. And when you talk about supporting a product out through 2010 I'm guessing that includes services, but I'm wondering also if you are also committed to build to a roadmap and other deliverables through that timeframe?

AMIR BASSAN-ESKENAZI: No. The retirement of the Cuda platform means we will stop developing new hardware and new software. We'll continue to support deployed systems as our customer would see fit per the comment that Fred made.

PAUL BONENFANT: Okay. So that's effectively manufacture discontinued as of this quarter?

AMIR BASSAN-ESKENAZI: We continue and hold spares and other things for our customers relative to discussions we have with them. So I don't want to go to too much details before we finalize this and leave it at that at this point.

PAUL BONENFANT: Understood. And apologize if you already spoke to this, but did you get any indication as to when you might get to the 40 plus million run rate before your new operational model? Is that a 2008 event?

AMIR BASSAN-ESKENAZI: Well, actually I didn't give indication of the time frame. I expect it definitely to be within the '08 time frame. Yes.

PAUL BONENFANT: Okay. Thank you for taking my questions.

AMIR BASSAN-ESKENAZI: Thank you.

OPERATOR: Our next question comes from the line of Carter Driscoll with Stanford Group.

CARTER DRISCOLL, ANALYST, STANFORD GROUP: Good afternoon gentlemen. Wondering if you could help frame the discussion about telco TV deployments domestically versus internationally? If there's any differences in network architectures or how you might engage the customer and then follow on with that what progress you're seeing in terms of some of the services such as ad insertion and how you expect the service providers might monetize those services and therefore pull demand through. Thank you.

AMIR BASSAN-ESKENAZI: Sure. Like we said, with international telco TV opportunity I think it's a bit early for us to give too many details. But what we can say is that we are very proud to now carry services to over 50 million subscribers on a worldwide basis.

But if you look at the total opportunity, there is well over one billion TV households that would take services and in the rest of the world many of them are going to be driven by telco, where the cable is the smaller provider. It's a pretty different situation than here in the U.S.

What those networks need is to carry high quality of video, carry a good experience to the subscriber and do that while overcoming significant bandwidth and functions on issues of the network. All of which are the kind of issues that we help our customers overcome on the cable as well as on the telco side to date. So we feel very well positioned to do so. We have a good understanding of what the gaps in supporting both the network function and the business to scale and this is where we spend our effort.

We're in the very early stage, like we point out before, so I really think premature to go much more details than this direction right now. In terms of advertising, we've been selling advertising solutions for quite a few years right now. And move there is moving from regional advertising insertion to local advertising insertion, and everybody is right now spending a lot of resource in taking this to the next level and making it targeted advertising or addressable advertising such that it really takes the advertising model from a push like was build for the broadcast stage to a more of a direct effort like is built for the narrow customer on demand age.

And the business model around here is something that a lot of industry participants spending a lot of cycles on. I think it's going to drive the business - continue to drive the business from regional to local to addressable over the next few years. And we are involving the right discussions and I'm sure we're going to have a lot of details to add on this in the future.

PAUL BONENFANT: Okay. And then just a question for Fred. What was the use of cash in the quarter?

FRED BALL: We used about, I want to say $7 million on an operating basis and some noises. An $8 million decline quarter to quarter.

PAUL BONENFANT: Just housekeeping, what was CapEx and D&A?

FRED BALL: $3 million in CapEx. I want to say the depreciation number was a little bit more than $3 million, about $3.4 million or $3.5 million.

PAUL BONENFANT: Thanks very much gentlemen.

OPERATOR: Our next question comes from the line of Todd Kaufman of Raymond James.

TODD KAUFMAN, ANALYST, RAYMOND JAMES: Thank you. Just a quick follow up question regarding your decision to shut down Cuda. You said you could not grow your footprint or the revenues. Was that due to technical short comings and limitations of the product or is the CMTS market opportunity maybe more limited or maturing?

AMIR BASSAN-ESKENAZI: It was definitely not a short coming in the sense that we went into what was described at the time, flawless trials of carrying MCMTS, creating new bandwidth, exceeding the 50 megabits per second barrier and going to 100 megabits a second to off the shelf channel boded

cable modem. And we felt pretty good about that. What we did find out though at the end of the day with all the innovation, the path to video over IP and all the other unique propositions we offered it was as easy as cutting the price from the incumbent vendors.

All of our customers have incumbent vendors because of the point you brought up, the maturity of the market. And it would cause decisions to get delayed. In a way at the end we realized that this is a mature market that is more driven by pricing and keeping the system and securing the existing system to replacing them to create a path at this point for video over IP.

So as a result we know see the CMTS as a platform that probably going to stay around for a long time for voice and data, but for video there's going to have to be a different solution. And we're going to spend our cycles on that side of the equation. Therefore we felt no reason to stay in the CMTS analog business anymore given our market share and the fact that it was not creating leverage for our shareholders, and that's why we exited.

TODD KAUFMAN: Thank you.

OPERATOR: And there are no additional questions. Please continue with any closing remarks.

AMIR BASSAN-ESKENAZI: Okay. So like we said, thank you all for the participation here today. We've taken some quick decisive actions here to refocus our business plan. We are continuing to work with our customers. We have the very best customers on the service provider side and we continue to scale with them.

We have some very strong technology portfolio and we're going to refocus our [chance] to bring this to better leverage for our customers, our shareholders and continue and grow the business. We hit a bump on the road on Q3. We took the right decisions. We know what to do to continue from there and going to see us coming back exceeding the $40 million revenue, 50% to 55% margin, drive cash flow, profitably, and continue to grow from there.

We are looking forward to future calls. We'll give you more details how we execute on that and we'll see you there. Thank you all.

OPERATOR: Ladies and gentlemen, this concludes the BigBand Network's Q3 financial results for 2007. If you would like to listen to a replay for today's conference call, please dial 303-590-3000 or 1-800-405-2236 and enter the access code of 1109983. ACT would like to thank you for your participation. You may now disconnect.

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